

Authority to Approve Company Transactions

Procedure Nbr.: GP1. 2
Exhibit/Attachment/
Subsection:
Rev Nbr.: Rev. 0
Rev Date: 11/15/1993

GENERAL PROCEDURE

GP 1.2, Revision 0

November 15, 1993

AUTHORITY TO APPROVE COMPANY TRANSACTIONS

Reviewed by:

Approved by:

Larry F. Altenbaumer
Senior Vice President and Chief Financial Officer

**Larry D. Haab, Chairman, President
and Chief Executive Officer**

(This procedure is being reissued in a new format only. No changes made to the text.)

Revision 0

November 15, 1993

TITLE: AUTHORITY TO APPROVE COMPANY TRANSACTIONS

PURPOSE/SCOPE

The purpose of this procedure is to improve productivity by delegating authority to execute corporate instruments or approve other transactions to the lowest acceptable management level with responsibility for the transaction. This procedure identifies positions that are delegated authority, assigned responsibility and held accountable for the transaction. The procedure allows delegations of authority to positions other than those named and for reduction in authority levels for special business reasons.

Persons exercising authority under this procedure are responsible for the transaction and for determining that an appropriate investigation or appropriate procedures provide reasonable assurance as to the propriety of the transactions. The delegation of authority does not exempt an employee from complying with Company policies and procedures for the proper documentation and processing of a transaction.

DEFINITIONS

AUTHORIZED APPROVER - An employee authorized to approve certain Company actions, specified levels of expenditure and external financial communications, as defined herein.

AUTHORIZED APPROVERS FILE - Files containing the facsimile signatures or electronic approval codes of Authorized Approvers.

MINIMUM APPROVALS - The minimum permissible approvals. The highest designated Authorized Approver may seek additional substantiation and evaluation from other qualified persons, although such practice will be considered an exception.

TEMPORARY AUTHORIZED APPROVER - An employee may be designated a Temporary Authorized Approver if that individual will be acting for the normal Authorized Approver for more than sixty (60) days. Temporary authorizations and a facsimile signature of the Temporary Approver shall be furnished to the Supervisor of any area involved in processing documents likely to be approved by the Temporary Authorized Approver. Normally, the next higher level of Authorized Approver will approve transactions when the Authorized Approver is unavailable for a short duration.

RESPONSIBILITIES

The Controller shall provide interpretation of the requirements of this procedure.

Accounts Payable shall maintain an Authorized Approvers File. Accounts Payable shall ensure that other departments shall have reasonable access to the Authorized Approvers File.

Authorized Approvers shall satisfy themselves that the action proposed for their approval is consistent with laws and Company policies and procedures.

Employees shall take necessary steps to satisfy themselves that approval has been obtained prior to conducting work or acting in accordance with forms or documents requiring authorization.

Supervisors shall advise their personnel of the approval requirements contained herein and ensure that they are fulfilled. Authorized Approvers and Temporary Authorized Approvers shall be held accountable for making prudent informed decisions.

PROCEDURE

Transactions requiring approval and the lowest authorized to approve the transactions are shown in Exhibit 1. Documents shall normally be approved and executed by signature of the lowest level Authorized Approver. Signature of the requestor and the Authorized Approver(s) shall constitute full and complete approval.

The general and specific approval levels shown in Exhibit 1 are the minimum required approval levels. All employees above the level shown may also approve the indicated documents and transactions.

Requests for approval authority for positions not specified in this procedure, additional authority for a specific position or restrictions of a specific position's approval to lower levels than specified in this procedure shall be sent in writing to the Controller. Requests must evaluate risks versus business needs for the requested authority level and be approved by an officer. Authority levels shall be requested for specific positions, not for specific individuals.

Approvals shall follow the direct lines of organizational authority whenever possible. In all instances, the officer having the authority over an area originating a disbursement document has the authority to approve the document. Any questionable disbursement transaction shall be brought to the attention of the officer having authority over the approving employee and to the Controller.

Approved original contracts (except purchase orders) shall be transferred to Corporate Records Management for retention in the Company records. Disapproved documents shall be promptly returned to the originating organization with an explanation of the reason for disapproval.

In the absence of the individual with designated approval level, authority to approve move to the next higher approval level. In the absence of all authorized employees, including the officer having line authority over the area originating a disbursement document, the Controller or Chief Financial Officer may give approval. If an Authorized Approver is scheduled to be absent for more than sixty (60) days, a Temporary Authorized Approver may be designated by the individual with the next higher approval level. Such designation is accomplished by the sending a Delegation of Authority Due to Extended Absence memorandum to the Controller, with a copy to Accounts Payable.

Any deviation from this General Procedure shall be brought to the attention of the Controller and receive written approval of the officer having authority over the approving employee prior to its implementation.

Time sheets, payroll, vacation schedules, pool car requests, training requests, transportation requests and other routine and daily documents shall be approved at the lowest level possible consistent with good management practice.

No employee is authorized to approve a transaction which could be expected to accrue to the benefit of the employee. Any transaction which provides an employee with personal profit or may be approved by an elected officer and reported in accordance with Company policy.

EXHIBITS

Exhibit 1, Authorized Approval Levels, specifies the lowest acceptable approval level for Company documents and transactions.

.....

Category: General Procedures
SubCategory: General Procedures

General Approvals

Procedure Nbr.: GP1. 2
Exhibit/Attachment/
Subsection: Exhibit 1
Rev Nbr.: Rev. 0
Rev Date: 11/15/1993

GP 1.2
Revision 0
EXHIBIT 1
November 15, 1993

GENERAL APPROVALS

BUDGETED RESOURCES

Authority level for commitments and approval of materials, services, personnel and projects included in the Company's approved annual Operations and Maintenance/Capital Budget or less than \$10,000, including check requests, expense accounts (except their own), and invoices, requisitions, professional services, personnel authorizations, replacement of personnel, training requests, transportation requests, data processing requests and other documents not specifically further restricted.

Inside Board Member: (Consider Need For Legal Review If Over \$1 Million)	\$ No Limit
Elected Officer:	\$ 1,000,000
Division VP:	\$ 250,000
Manager: (Inc Project Managers)	100,000
Director: (Inc Project Directors)	50,000

NON-BUDGETED RESOURCES

Authority Level For Approval to Commitment to non-budgeted Items/Projects exceeding \$10,000, but less than \$100,000. One of the above plus an elected Officer.

Authority Level For Approval to Commitment to non-budgeted Items/Projects exceeding \$100,000 or any personnel additions in excess of the total budgeted. Within 10 days of approving any non-budgeted item/project/personnel, a confirming cost benefit sheet (showing who made approval) must be forwarded to the Controller for review and inclusion in the next budget update. In addition, this item/project/personnel should be detailed in the next budget variance report submitted.

One of the above plus an elected officer plus an inside Board Member.

SPECIFIC APPROVAL AREAS

Contracts & Legal Services

Legal Services

General Counsel - Approval of new legal firms, legal representation agreements, legal retainer agreements, major legal projects (expected expenses may exceed \$10,000 for defined task) and legal billings exceeding \$5,000.

Department Head Using Services - Legal Service Invoices (under \$5,000) for legal service projects previously approved, as long as invoiced services are within scope and budget. Informational copy of invoices less than \$5,000 routed to General Counsel for review after being paid.

Contracts (Format of Contract Not Previously Approved By Law Department Or Requiring Power of Attorney Prior To Execution) General Counsel & General Approval Levels

Contracts (Format of Contract Previously Approved By Law Department) See General Approvals & Purchasing Approval Section

Contracts - Purchase and Sale of Property

General Counsel and any one of the following - Manager of Engineering or Director - Real Estate or Supervisor - Real Estate in accordance with General Approval Levels.

Sale of Assets (Except Surplus & Scrap Materials - Prior Notice of Intent to Sell and final terms of sale assets provided to Corporate Secretary)

See General Approvals

Release of Property Under Mortgage

Treasurer or Assistant Treasurer & Secretary of Assistant Secretary

Purchasing

Purchase Orders (With requisition approved in accordance with General Approval Levels or based on valid MMIS - generated replenishment request)

See General Approvals for Dollar Limits, Except that the Manager of Purchasing & Material Control may approve without limit to dollar amount

Contracts (Format Previously Approved by Law Department & with requisition approved in accordance with General Approval Levels)

See General Approvals for Dollar Limits, Except that the Manager of Purchasing & Material Control may approve without limit to dollar amount

Receiving Reports - Any Employee Trained to Receive Materials.

Insurance & Indemnification Conditions (Which deviate from customary insurance and insurance - related indemnification standards)

Administrator - Risk Management or General Counsel

Requisitions for Approved Construction Projects

Director - Engineering

Natural Gas Purchases (without dollar limit but within the annual approved gas acquisition & storage plan)

Supervisor - Gas Acquisition

Fuel Purchases (Within the approved fuel purchase plan)

See General Approvals for Dollar Limits, Except that the Manager of Purchasing & Material Control may approve purchase agreements of less than one year without limit to dollar amount

Sale of Scrap, Surplus Equipment, Automotive Equipment and Associated Capitalized Items (In accordance with approved scrap sale procedures)

See General Approvals for Dollar Limits, Except that the Manager of Purchasing & Material Control may approve without limit to dollar amount

Customer Service

Agreements - Joint Pole, Easements, Nite Lite and Rental Facilities - Utility Service Contracts & Industrial Billing Advice

See General Approvals

Electric & Gas Rate Tariff Sheets, Interpretations, Rules/Regulations

Manager of Rates & Rates Officer

Customer Billing Adjustments, Charge-off of Customer Accounts and Allowance of Late Payment Charges

Assistant Customer Service Supervisor

Construction & Budgets

Job Orders

See General Approvals

O & M and Construction Budgets

Chairman or President

Requests For Payment (No Purchase Order, Contract or Invoice)

Check Requests -

General Check Requests - See General Approvals
For Taxes - Supervisor - Taxes
For Customer Bill Postage - Supervisor - Data Center Operations

Risk Management

Property, Construction, Damage and Purchasing - Related Claims Against Others; General Liability Claims; and Workers Compensation Claims Against IP

See General Approvals, Except Supervisor of Claims may approve workers compensation settlements required by law without dollar limit

Insurance Placements, Premium Payments, Bonds, Certificates of Insurance

Director Risk Management or Treasurer

Disbursements

General Fund, Payroll, Pension Checks & Dividend Checks

Treasurer or Assistant Treasurer or Supervisor - Cash Management

Group Insurance Checks

Treasurer or Assistant Treasurer or Supervisor - Cash Management; and Supervisor Group Insurance or Director Compensation, Safety & Benefits or Manager - Employee Relations

Wire Transfer Non-Repetitive

Any two: Treasurer or Assistant Treasurer or Supervisor - Cash Management; or any one of the above and an elected officer

Wire Transfer - Repetitive, DTC/ACH, Stop Payment Orders, ACH Pre-authorized

Treasurer or Assistant Treasurer or Supervisor - Cash Management

Petty Cash - Employee Expenses (Yellow), Other (Pink or Misc Cash Receipts (Blue) (Limit: \$50 per disbursement)

Assistant Supervisor

Site Drafts

See General Approvals

Invoices Without Dollar Limit (Where properly supported and commitment to purchase previously approved in accordance with General Approvals)

Assistant Supervisor

Financing, Investments, Borrowing & Banking

Financing Underwriting, Rating Agency and Letter Agreements

Chief Financial Officer

Pension Manager/Advisory Contracts and Investment of Pension Funds

Chief Financial Officer or Treasurer

Borrowing - IP Revolving Credit Agreements or Sale of IP Commercial Paper Notes

Treasurer or Assistant Treasurer

Borrowing - IP Fuel Company - Commercial Paper Notes and Financial Underwriting
Treasurer or Assistant Treasurer

Credit Agreements - Commercial Paper, Downstate & Money Center Banks
Treasurer or Chief Financial Officer

Opening New Bank Accounts
Treasurer or Chief Financial Officer

Investments - Non-Pension Funds (In accordance with Approved Statement of Investment Policy & Objectives)
Treasurer or Assistant Treasurer or Supervisor - Cash Management

Accounting

Federal & State Tax Returns
Controller

Federal And State Regulatory Filings
Director - Taxes or Director - Accounting

JV - and General Corrections - External to Accounting
See General Approvals

JV - and General Corrections - Internal to Accounting
Supervisor

Disclosure
Chief Financial Officer is authorized to approve release of financial information. Chief Financial Officer and General Counsel/Secretary are authorized to approve SEC required disclosures. Financial information releases (other than SEC required disclosure) shall be coordinated with Vice-President Public Affairs.

Employee Related

Education Refund and Moving Expenses Accounts
Supervisor, Director or Manager - Employee Relations

.....

Category: General Procedures
SubCategory: General Procedures